



BUSINESS MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Tuesday, February 11, 2014
Lansing District Office
7150 Harris Drive
Lansing MI 48909

Present: Andrew J. Deloney, Chairman
Teri L. Quimby, Commissioner
Dennis Olshove, Commissioner

Absent: None

Staff: Steve Robinson, Director of Finance Division
Kerry Krone, Business Manager
Anita Fawcett, Executive Services Division

The meeting was called to order by Chairman Deloney at 9:39 a.m., noting a quorum was present.

- I. **Moved by Commissioner Olshove, supported by Commissioner Quimby, that the minutes of the Commission meeting of January 21, 2014, be approved as written and presented, motion carried by unanimous vote.**

Moved by Commissioner Olshove, supported by Commissioner Quimby, that the minutes of the Closed Session meetings of January 24, 2014 and February 5, 2014, be approved as written and presented, motion carried by unanimous vote.

- II. Mr. Robinson presented the E-Quote reports for product listings in four categories and requested approval of the following:
- A. That the products listed below be granted exceptions to the standard pack size, inasmuch as the items are packaged nationally or meet other exceptions as indicated and be approved for listing in the approved products list effective March 2, 2014:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
A. Hardy/U.S.A. Ltd.	750ml Tippy Cow Chocolate Cream	6 Bottles
(General Wine & Liquor Co.)	750ml Tippy Cow Orange Cream	6 Bottles
	750ml Tippy Cow Vanilla Soft Serve	6 Bottles

Bacardi U.S.A., Inc. (General Wine & Liquor Co.)	750ml Tippy Cow Shamrock Mint	6 Bottles
	200ml Bacardi Mango Fusion Rum	24 Bottles
	375ml Bacardi Mango Fusion Rum	12 Bottles
	375ml Grey Goose Le Melon Vodka	12 Bottles
	750ml Grey Goose Le Melon Vodka	6 Bottles
Sazerac North America, Inc. (NWS Michigan, Inc.)	1000ml Grey Goose Le Melon Vodka PL	6 Bottles
	50ml Mr. Boston Peppermint PL 3-pk	60 Bottles
Jim Beam Brands Co. (NWS Michigan, Inc.)	200ml Pinnacle Peach PL Vodka	24 Bottles
	375ml Pinnacle Peach PL Vodka	12 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)	750ml Collingwood Rye 21 Yr.	6 Bottles
Cleveland Whiskey LLC (NWS Michigan, Inc.)	750ml Cleveland Black Reserve Bourbon	6 Bottles
	750ml Cleveland Christmas Whiskey	6 Bottles
	750ml Cleveland the Eighty-Seven Bourbon	6 Bottles
William Grant & Sons, Inc. (General Wine & Liquor Co.)	50ml Balvenie Trio-12, 14, 17 yr.	96 Bottles
International Beverage Co., Inc. (General Wine & Liquor Co.)	750ml Angostura 7 yr. Rum	6 Bottles
	750ml Black Bottle Scotch	6 Bottles
International Spirits & Wines, LLC (NWS Michigan, Inc.)	375ml Most Righteous Bourbon	12 Bottles
MHW, Ltd. (NWS Michigan, Inc.)	750ml The General Whiskey	6 Bottles
Park Street Imports LLC (General Wine & Liquor Co.)	750ml Pura Vida Anejo Tequila	6 Bottles
	750ml Pura Vida Extra Anejo Tequila	6 Bottles
	750ml Pura Vida Silver Tequila	6 Bottles
Park Street Imports LLC (NWS Michigan, Inc.)	750ml Clement Canne Bleue Rum	6 Bottles
Pernod Ricard USA, LLC (NWS Michigan, Inc.)	750ml Lot No. 40 Canadian	6 Bottles
Phillips Products Co., LLC (General Wine & Liquor Co.)	50ml Revel Stoke Roasted Pecan PL	60 Bottles
Proximo Spirits, Inc. (General Wine & Liquor Co.)	1000ml Three Olives Elvis Presley	6 Bottles
Moet Hennessy USA, Inc. (NWS Michigan, Inc.)	750ml Glenmorangie 1963 Scotch	1 Bottle
	750ml Grand Marnier Cuvee 1880	6 Bottles
United States Distilled Products Co. (General Wine & Liquor Co.)	375ml Grays Peak Vodka	12 Bottles
Anchor Distilling Company (NWS Michigan, Inc.)	750ml Chinaco Blanco Tequila	6 Bottles
	750ml Glen Breton Rare-10 yr. Canadian	6 Bottles

That the request of Sanctuary Brewery, LLC, holder of 2013 Small Distiller license, for addition of the following products to the approved products list with case size exceptions,

be approved for listing, effective March 2, 2014; further prior to any sale and distribution of the products through the Commission's spirit distribution system, Sanctuary Brewer, LLC, must submit and receive Commission approval for an amended liquor quotation which designates an Authorized Distribution Agent for these products:

<u>PRODUCT</u>	<u>PACK SIZE</u>
375ml Sanctuary Spirit of the Apple Brandy	12 Bottles
375ml Sanctuary Spirits Blueberry Brandy	12 Bottles
375ml Sanctuary Spirits Cherry Brandy	12 Bottles
750ml Sanctuary Spirits Gin	6 Bottles
750ml Sanctuary Spirits Rum	6 Bottles
750ml Sanctuary Spirits Vodka	6 Bottles

- A.** That the products listed below be granted exceptions to the standard pack size, inasmuch as the items are packaged nationally or meet other exceptions as indicated and be approved for listing in the approved products list effective March 30, 2014:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Jim Beam Brands Co. (NWS Michigan, Inc.)	750ml Booker's 25 th Anniversary Bourbon	6 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)	1000ml J Daniels Sinatra Select Tennessee	6 Bottles
Sidney Frank Importing Co., Inc. (General Wine & Liquor Co.)	750ml Cocoyac Excellence	6 Bottles
William Grant & Sons, Inc. (General Wine & Liquor Co.)	750ml Monkey Shoulder Scotch	6 Bottles
Heaven Hill Distilleries, Inc. (General Wine & Liquor Co.)	1750ml Elijah Craig 12 yr. Bourbon	6 Bottles
Paterno Imports, Ltd. (General Wine & Liquor Co.)	750ml Nonino Chardonnay Grappa	6 Bottles
	750ml Nonino Merlot Grappa	6 Bottles
TI Beverage Group, Ltd. (General Wine & Liquor Co.)	750ml Redrum Rum	6 Bottles
Wilson Daniels, Ltd. (General Wine & Liquor Co.)	750ml Branca Menta	6 Bottles
	750ml Corralejo Reposado Triple Dest	6 Bottles
	375ml Fernet Branca	12 Bottles

- B.** That the following requests for addition of product to the approved products list be approved for listing, effective March 2, 2014:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Bacardi U.S.A., Inc.	750ml Bacardi Dragon Berry Rum PL	12 Bottles
	750ml Bacardi Mango Fusion Rum	12 Bottles
	1000ml Bacardi Mango Fusion Rum	12 Bottles
	1750ml Bacardi Mango Fusion Rum	6 Bottles
	50ml Bacardi Mango Fusion Rum PL	120 Bottles
	1750ml Bacardi Oakheart Spiced Rum PL	6 Bottles
	750ml Bacardi Pineapple Fusion PL	12 Bottles
	50ml Grey Goose Le Melon Vodka PL	120 Bottles
	750ml Peach Mist Canadian	12 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)		
Cana Distributors LLC (NWS Michigan, Inc.)	750ml James MacArthur's 33 yr. Scotch	12 Bottles
Constellation Brands, Inc. (General Wine & Liquor Co.)	50ml Paul Masson Peach Brandy	120 Bottles
	375ml Paul Masson Peach Brandy	24 Bottles
	750ml Paul Masson Peach Brandy	12 Bottles
Dreyfus Ashby, Inc. (General Wine & Liquor Co.)	750ml Torres Orange	12 Bottles
E. & J. Gallo Winery (General Wine & Liquor Co.)	1750ml Shellback Silver Rum	6 Bottles
	1750ml Shellback Spiced Rum	6 Bottles
International Beverage Co., Inc. (General Wine & Liquor Co.)	750ml Forres Park Overproof Puncheon	12 Bottles
Illyrian Import, Inc. (NWS Michigan, Inc.)	750ml Valco Apple Brandy	12 Bottles
Park Street Imports LLC (General Wine & Liquor Co.)	1000ml Tanteo Jalapeno Tequila	12 Bottles
Pernod Ricard USA, LLC (NWS Michigan, Inc.)	750ml Jameson Black Barrel Whiskey	12 Bottles
Proximo Spirits, Inc. (General Wine & Liquor Co.)	750ml Three Olives Elvis Presley	12 Bottles
	1750ml Three Olives Elvis Presley	6 Bottles
Sazerac Company, Inc. (NWS Michigan, Inc.)	750ml Buffalo Trace Bourbon Cream	12 Bottles
Sky Spirits, LLC (General Wine & Liquor Co.)	750ml The Hakushu 12 yr.	12 Bottles
21 st Century Spirits, LLC (NWS Michigan, Inc.)	750ml Blue Ice Cream Brulee	12 Bottles
United States Distilled Products Co. (General Wine & Liquor Co.)	750ml Grays Peak Vodka	12 Bottles
	50ml Grays Peak Vodka	120 Bottles
	750ml Heritage Hills Bourbon Cream	12 Bottles
	750ml Heritage Hills Honey Whiskey	12 Bottles
Anchor Distilling Company (NWS Michigan, Inc.)	750ml Luxardo Amaretto	12 Bottles
	750ml Luxardo Amaro Abano	12 Bottles

750ml Luxardo Aperitivo	12 Bottles
750ml Luxardo Apricot	12 Bottles
750ml Luxardo Bitter	12 Bottles
750ml Luxardo Cherry	12 Bottles
750ml Luxardo Fernet	12 Bottles

That the request of Sanctuary Brewery, LLC, holder of 2013 Small Distiller license, for addition of the following product to the approved product list, be approved for listing, effective March 2, 2014; further prior to any sale and distribution of the product through the Commission's spirit distribution system, Sanctuary Brewer, LLC, must submit and receive Commission approval for an amended liquor quotation which designates an Authorized Distribution Agent for this product:

<u>PRODUCT</u>	<u>PACK SIZE</u>
750ml Sanctuary Spirit of the Maple	12 Bottles

B. That the following requests for addition of product to the approved products list be approved for listing, effective March 30, 2014:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Stoller Wholesale Wine & Spirits, Inc. (NWS Michigan, Inc.)	750ml James Oliver Straight Rye	12 Bottles
Wilson Daniels, Ltd. (General Wine & Liquor Co.)	1750ml Corralejo Reposado Tequila	6 Bottles
	1750ml Corralejo Silver Tequila	6 Bottles

C. That the following requests for promotional or special packaging be approved for listing, effective March 2, 2014:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
A. Hardy/U.S.A. Ltd. (General Wine & Liquor Co.)	750ml Rum Chata w/2 Cans Iced Coffee	6 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)	1750ml Sthern Comfort w/Crnbry Juice	3 Bottles
Pernod Ricard USA, LLC (NWS Michigan, Inc.)	1750ml Absolut 80 w/ZZ Bloody Mary Mix	20 Bottles
Proximo Spirits, Inc. (General Wine & Liquor Co.)	750ml Three Olives Vodka w/Speaker	12 Bottles
Diageo Americas, Inc. (NWS Michigan, Inc.)	750ml Capt Morgan Spiced w/2-50mls	12 Bottles
	750ml Capt Morgan Spiced w/50ml White	12 Bottles
	750ml Johnnie Walker Black w/2-50mls	12 Bottles

750ml Ketel One w/2-50mls	12 Bottles
1750ml Smirnoff 80 w/Bloody Mary Mix	3 Bottles

C. That the following requests for promotional or special packaging be approved for listing, effective March 30, 2014:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Piedmont Distillers Inc. (General Wine & Liquor Co.)	750ml Jr Johnson Apple w/Pour Lid & 2 Gl's	6 Bottles

D. That the following requests for deletion of product from the approved products list be approved for delisting, effective March 2, 2014:

<u>COMPANY</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
International Beverage Co., Inc. (General Wine & Liquor Co.)	750ml Black Bottle Scotch	12 Bottles
International Spirits & Wines, LLC (NWS Michigan, Inc.)	375ml Most Righteous Bourbon	24 Bottles
Itsco Imports Inc. (General Wine & Liquor Co.)	750ml Casino Azul Premium Tequila	4 Bottles
	750ml Cayman Blue Vodka	6 Bottles
Pernod Ricard USA, LLC (NWS Michigan, Inc.)	1750ml Absolut 80 w/ZZ Bloody Mary Mix	3 Bottles
Luxco, Inc. (General Wine & Liquor Co.)	1750ml Salvador's Lng Isld Iced Tea PL	6 Bottles
Diageo Americas, Inc. (NWS Michigan, Inc.)	750ml Johnnie Walker Black w/2-50mls	12 Bottles

D. That the following requests for deletion of product from the approved products list be approved for delisting, effective March 30, 2014:

<u>COMPANY</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Heaven Hill Distilleries, Inc. (General Wine & Liquor Co.)	1750ml Elijah Craig 12 yr. Bourbon	3 Bottles
Paterno Imports, Ltd. (General Wine & Liquor Co.)	750ml Nonino Chardonnay Grappa	12 Bottles
	750ml Nonino Merlot Grappa	12 Bottles
TI Beverage Group, Ltd. (General Wine & Liquor Co.)	750ml Redrum Rum	12 Bottles
Diageo Americas, Inc. (NWS Michigan, Inc.)	750ml Qream Peach Crème Liq	6 Bottles
	750ml Qream Strawberry Crème Liq	6 Bottles

Moved by Commissioner Olshove, supported by Commissioner Quimby, that the above actions be taken in accordance with the E-Quote reports dated February 10, 2014, motion carried by unanimous vote.

- III. Mr. Robinson presented licensee requests for special price reductions on spirit products in accordance with the provisions of the Commission's Order of September 11, 2012 regarding special price reductions on spirit products, which was effective on January 1, 2013. He advised there were forty-four (44) different licensees requesting price reductions; that 454 product price reductions could be approved; and that 1 product price reduction should be denied.

Moved by Commissioner Olshove, supported by Commissioner Quimby, that the 454 special price reductions be approved as indicated on the attached Approval for Price Reduction on Liquor reports, motion carried by unanimous vote.

Moved by Commissioner Olshove, supported by Commissioner Quimby, that the 1 special price reduction be denied for the reasons stated in the attached Notification of Denial for Price Reduction reports, motion carried by unanimous vote.

- IV. Mr. Robinson presented the November and December 2013 Financial Report which shows the results of our operations for the period of October 1, 2013 through December 31, 2013. He advised most comments will be regarding the December 2013 statement, but wanted to state that in the November report the spirits sales profit and specific spirit tax amounts are low because approximately ½ of the spirit sales for the last week of November 2013 were not recorded until December 2013. Mr. Robinson advised this makes the November 2013 year-to-date profit low by \$11.1 million and each of the three specific taxes are low by \$535.7 thousand. He stated the Total Gross Sales increased over last year by almost \$8.3 million or 2.7%, and the Distilled Spirit cases sold decreased 2,951 or .14%. Mr. Robinson advised the Net Income from spirit sales was up approximately \$1.5 million or 3.0%, and advised Beer taxes are higher by almost \$475,000, with Wine taxes being lower by \$85,000.

Moved by Commissioner Olshove, supported by Commissioner Quimby, that the November and December 2013 Financial Reports, be accepted, motion carried by unanimous vote.

- V. Mr. Robinson requested approval to write off a number of uncollectible accounts. He advised this is routine information sent to the Michigan Department of Treasury regarding outstanding debts that the Commission has not been able to collect for

licensees that are no longer active. Mr. Robinson stated that the Michigan Department of Treasury will attempt to collect the debt and if successful, the Commission receives 40% to 50% of the outstanding debt.

Moved by Commissioner Olshove, supported by Commissioner Quimby, that the information concerning the uncollectible debts be forwarded to the Michigan Department of Treasury for collection, as written and presented, motion carried by unanimous vote.

- VI. Mr. Robinson presented a request for a Spirit Product Distribution change from Lotte Beverage America Corp. (Lotte), involving five (5) products, to be effective May 4, 2014. He advised that Lotte would like to move these products from Chinese Import & Export to General Wine & Liquor Company, Inc. Mr. Robinson stated this change would consolidate the warehousing and delivery responsibility along with broker representation for all of Lotte's products.

Moved by Commissioner Olshove, supported by Commissioner Quimby, that Administrative Order 2014-01, regarding the request of Lotte Beverage America Corp., be approved as written and presented, motion carried by unanimous vote.

Mr. Robinson presented a request for a Spirit Product Distribution change from Hood River Distillers, Inc. (Hood), involving three (3) products, to be effective May 4, 2014. He advised that Hood would like to move these products from NWS Michigan, Inc. to General Wine & Liquor Co. Mr. Robinson stated this change would consolidate the warehousing and delivery responsibility along with broker representation for all of Hood's products.

Moved by Commissioner Olshove, supported by Commissioner Quimby, that Administrative Order 2014-02, regarding the request of Hood River Distillers, Inc., be approved as written and presented, motion carried by unanimous vote.

- VII. Old Business.

There was no Old Business.

- VIII. New Business.

There was no New Business.

IX. Public Comments.

Jim Farrell, CEO of Beverage Merchandising Service, advised the Commission he was there to introduce his service for scanning coupons electronically instead of using paper. He stated that they work in many states with the major brands of distilled spirits and that Michigan is the first control state that they have contacted regarding this service. Mr. Farrell advised that they act as a third party to verify all the information is correct and hopes the Commission would entertain this service in Michigan.

Chairman Deloney advised that approximately 1 ½ years ago, there was some interest in this service and meetings were held. He advised the Commission asked for additional information, but nothing was ever finalized. Chairman Deloney stated the Commission would welcome the opportunity to learn more.

Mr. Farrell stated he would facilitate meetings between the Commission and industry to get the ball moving. He thanked the Commission for their time and advised he would be in touch.

With no further business, moved by Commissioner Olshove, supported by Commissioner Quimby, that the business meeting be adjourned at 10:10 a.m., motion carried by unanimous vote.

Anita Fawcett
Executive Services

Andrew J. Deloney
Chairman